S-3190

1

6

Amend Senate File 466 as follows:

- 2 l. By striking everything after the enacting clause 3 and inserting:
- 4 <Section 1. <u>NEW SECTION</u>. 103A.71 Residential 5 contractors.
 - 1. As used in this section:
- 7 a. "Catastrophe" means a natural occurrence 8 including but not limited to fire, flood, drought, 9 earthquake, tornado, windstorm, or hailstorm, which 10 damages or destroys residential real estate.
- 11 b. "Residential contractor" means a person in the 12 business of contracting to repair or replace roof 13 systems or perform any other exterior repair, exterior 14 replacement, or exterior reconstruction work resulting 15 from a catastrophe on residential real estate or a 16 person offering to contract with an owner or possessor 17 of residential real estate to carry out such work.
- 18 c. "Residential real estate" means a new or existing 19 building, including a detached garage, constructed for 20 habitation by one to four families.
- 21 d. "Roof system" includes roof coverings, roof
 22 sheathing, roof weatherproofing, and roof insulation.
- 2. A residential contractor shall not advertise
 24 or promise to rebate any insurance deductible or
 25 any portion thereof as an inducement to the sale of
 26 goods or services. A promise to rebate any insurance
 27 deductible includes granting any allowance or offering
 28 any discount against the fees to be charged or
 29 paying an insured or a person directly or indirectly
 30 associated with the property any form of compensation,
 31 except for items of nominal value. A residential
 32 contractor may display a sign or other advertisement
 33 on a person's residential property provided that the
 34 person consents to the display and the person receives
 35 no compensation from the residential contractor for the
 36 placement of the sign or advertising.
- 3. A person who has entered into a written contract with a residential contractor providing goods or services to be paid from the proceeds of a property and casualty insurance policy may cancel the contract prior to midnight on the earlier of the third business day after the person has received written notice from the person's insurer that all or part of the claim or contract is not a covered loss under the insurance policy or the thirtieth business day after receipt of properly executed proofs of loss by the insurer from the insured. Cancellation shall be evidenced by the person giving written notice of the cancellation to the residential contractor at the address of the residential contractor's place of business as stated

1 in the contract. Written notice of cancellation 2 may be given by delivering or mailing a signed and 3 dated copy of the written notice of cancellation 4 to the residential contractor at the address of the 5 residential contractor's place of business as stated in 6 the contract. The notice of cancellation shall include 7 a copy of the written notice from the person's insurer 8 to the effect that all or part of the claim or contract 9 is not a covered loss under the insurance policy. 10 Notice of cancellation given by mail shall be effective 11 upon deposit into the United States mail with prepaid 12 postage, if properly addressed to the residential 13 contractor. Notice of cancellation need not take 14 a particular form, and is sufficient if the notice 15 indicates, by any form of written expression, the 16 intent of the insured not to be bound by the contract. 17

- Before entering into a contract to provide goods 18 or services to be paid from the proceeds of a property 19 and casualty insurance policy, a residential contractor 20 shall provide the insured along with the contract 21 all of the following documents in substantially the 22 following form:
- The following statement in at least ten-point 23 24 bold type:

RIGHT OF CANCELLATION

25

35

You may cancel this contract at any time prior to 27 midnight on the earlier of the third business day 28 after you have received written notification from your 29 insurer that all or any part of the claim or contract 30 is not a covered loss under your insurance policy or 31 the thirtieth business day after your insurer has 32 received properly executed proofs of loss from you. 33 See the attached notice of cancellation form for an 34 explanation of this right.

b. A fully completed duplicate form which shall 36 accompany the contract, shall be easily detachable, and 37 which shall contain the following statement in at least 38 ten-point bold type:

NOTICE OF CANCELLATION

39 40 You may cancel the contract by mailing or delivering 41 a signed and dated copy of this cancellation notice 42 or any other written notice of cancellation to (name 43 of contractor) at (address of contractor's place of 44 business) at any time prior to midnight on the earlier 45 of the third business day after you have received 46 notice from your insurer that all or any part of the 47 claim or contract is not a covered loss under your 48 insurance policy or the thirtieth business day after 49 your insurer has received properly executed proofs 50 of loss from you. If you cancel the contract, any

1 payments made by you under the contract, other than 2 payments for goods or services related to a catastrophe 3 which you agreed in writing to be necessary to prevent 4 damage to your property, will be returned to you within 5 ten business days following receipt by the contractor 6 of your cancellation notice.

I hereby cancel this contract.

8 9 Date

10 11

12

7

Consumer's signature

5. Within ten days after a contract to provide 13 goods or services to be paid from the proceeds of 14 a property and casualty insurance policy has been 15 canceled by notification pursuant to this section, 16 the residential contractor shall tender to the person 17 canceling the contract any payments, partial payments, 18 or deposits made by the person and any note or other 19 evidence of indebtedness. However, if the residential 20 contractor has provided any goods or services related 21 to a catastrophe, agreed by the person in writing to 22 be necessary to prevent damage to the premises, the 23 residential contractor shall be entitled to be paid 24 the reasonable value of such goods or services. Any 25 provision in a contract to provide goods or services to 26 be paid from the proceeds of a property and casualty 27 insurance policy that requires the payment of any 28 fee which is not for goods or services related to a

A residential contractor shall not represent 32 or negotiate on behalf of, or offer or advertise 33 to represent or negotiate on behalf of, an owner or 34 possessor of residential real estate on any insurance 35 claim in connection with the repair or replacement 36 of roof systems, or the performance of any other 37 exterior repair, exterior replacement, or exterior 38 reconstruction work on the residential real estate.

29 catastrophe shall not be enforceable against any person 30 who has canceled a contract pursuant to this section.

- 7. A residential contractor violating this section 40 is subject to the penalties and remedies prescribed by 41 this chapter.
- Sec. 2. APPLICABILITY. This Act applies to 43 contracts entered into on or after the effective date 44 of this Act.>

SWATI DANDEKAR